

FINANCE AND COMMERCE.

SHEARING LAMBS WHO VENTURE ON CHANGE

THE CONCENTRATION OF BANKING POWER

How the Green Speculator Is Fleeced in Wall Street. Drawn by Alluring Accounts of Enormous Gains.

Playing the Market on Margins—Ten Per Cent Left With Broker to Cover Fluctuations.

Drawn on by the alluring accounts of the great fortunes that come to the lucky speculator, hundreds of innocent youths and men whose hands have grown gray, carried away by the thought of enormous gains from stock transactions, are swallowed up in the feverish swirl of the street each year, their savings going to swell the accumulated wealth of the comparatively few fortunate ones.

Timidly at first, the unsophisticated novice, who has become dissatisfied with the meager salary he is capable of earning and wants to make one coup that will place him above the sons of want, goes to the pen where thousands before him have been shorn. His first visit to the broker's office is made possible with a friend, who has perhaps been able to clear up a hundred or two a week for a few months. Then he takes a peep at the mysteries of change, becomes fascinated by the grotesque sight of bloated coupon-clippers fighting for a chance to buy and sell, and at last opens an account.

A Fateful Moment.

It is here, at the threshold of the game, in which men are made or ruined by the click of the ticker, that the future of the newest lamb is determined.

If he is content with small profits, and has the wherewithal to stand a sudden slump in the market, all may go well, and his chances of ultimate success are good. But not one in a hundred may be included in the category of the cautious speculator. The vast majority have their heads turned completely by the game, which has all the fascination of roulette or faro, combined with the intense excitement of the race track, and plunge until their margin is wiped out, and they are cast out to make room for more profitable customers.

At first the novice is content with a few moments a day, in the office where sit men who spend their entire time from 10 a. m. to 3 o'clock in the afternoon, watching the market. But this is but a temporary arrangement, and it isn't many months before the novice has become a regular—that is, he has joined the ranks of those who devote their entire time to trying to beat the game.

Among these men there are two distinct classes—those who speculate on margin, and those who invest outright and hold their stock until there is a rise sufficient to insure profitable gains. Generally speaking, the successful speculators are of the latter class. But it takes a fair capital before a man can afford to hold a block of stock for a

year or perhaps longer, and large capital the lamb is usually without.

On a Small Capital.

But even with a small capital, say \$1,000 or \$2,000, a man can manage to clear from 4 to 10 per cent if he exercises judgment and retains enough money to keep up his margin.

In the larger offices the margin is 10 per cent of the value of the stock, and to insure the continuation of his name on the firm's books a man must see that this margin is always on deposit.

When the novice makes some particular stock that seems good, and deposits his 10 per cent. If the par value is \$100, this means that for each share he wishes to buy he must put up \$10. The other 90 per cent is provided by the broker, who charges 6 per cent, for the loan when the deal is closed. In addition to this interest, one-eighth, or \$12.50, is charged for each block of 100 shares bought and sold, and the broker deducts these two charges from the customer's deposit before closing the account.

At first the speculator watches the boy mark up the quotations, and listens to the incessant click-click of the ticker, with the air of a girl who is watching her first football game; he is fascinated by the novelty of the sight. But soon he becomes nervous, and watches the progress of the market with a feeling akin to that of the gambler, the future of whose roll depends on the turning of a card, and on feverish days or in times of panic it is astonishing to see the way in which the crowd of speculators mass in front of the blackboard and consume cigars and cigarettes in their efforts to keep composed.

The Plunger.

Of the mass of speculators this holds true; but it is on the plunger that the most noticeable effect is produced. He is the man who, desirous of making large gains, places his all at the 10 per cent margin, instead of ordering a third of the number of shares on a 30 per cent margin, and sees in every decline the wiping out of the margin he cannot replenish.

This is what ultimately happens to most of the speculators. They may continue for years, averaging gains of \$5,000 or \$10,000 a year, but comparatively few of those who invest with the utmost discretion, and are backed with capital enough to weather a prolonged decline, are able to clear up large fortunes. These men with a large bank account are able to profit by the loss of the average trader, by buying in stock on the decline and holding until such time as the market rallies, when the stock can be sold at a good profit. In this way stock quoted at par may be bought on occasion at 95 or 96, or even less, and sold at large profits when the market goes up. It is in transactions of this kind that the greatest profits are made, for stock bought at a high figure can seldom be disposed of at more than a 2 or 2½ per cent gain, while stock bought low is frequently sold at profits of from 10 to 20 per cent after a few weeks or months.—Brooklyn Citizen.

ERIE TO ISSUE TEN MILLIONS IN BONDS

Offered to Stockholders Pro Rata.

NEW YORK, Feb. 12.—The directors of the Erie Railroad yesterday voted to authorize the issue of \$10,000,000 of 4 per cent fifty-year gold bonds, convertible into common stock after April 1, 1935, and before April 1, 1935.

The bonds will be secured by a mortgage on other property of the company, and there is also the provision that subsequent bonds may be issued from time to time not exceeding \$5,000,000. These later bonds may be made convertible into common stock at a price to be named when issued.

The official statement issued by J. P. Morgan & Co. says: "The \$10,000,000 of bonds now to be issued are to be offered for subscription pro rata to the holders of trust certificates for first and second preferred and common stock of the company at the price of 87½ and interest. An underwriting syndicate is to take such bonds as are not subscribed for by the trust certificate holders."

"The executive committee of the company has for some time been carefully investigating the important needs of the company for additions and improvements to its property, and the proceeds of these \$10,000,000 of bonds, together with the amount of net earnings properly applicable to this purpose, will be applied to meet the requirements for all improvements at present deemed desirable, the most important of which are the following:

"The construction of new and modern ferry houses at Chambers and Twenty-third Streets; the purchase of new ferries; building a new and modern depot and ferry houses at Jersey City and the rearrangement of tracks and terminals at that point; the construction of a new line through an open cut over Bergen Hill so as to avoid the use of the present tunnel for passenger trains, important improvements at stations along the line, including construction of second and third tracks; provision of tools and improvements for the shops, and the purchase of about 2,000 new freight cars, fifty new passenger coaches and 100 new locomotives."

NEW WAGE SCALE FOR UNION MINERS ONLY

PITTSBURGH, Feb. 12.—An important feature in the Interstate mining agreement was officially announced here yesterday by President Dolan.

It provides for the payment of the advance in wages to union men only. On April 1, when it takes effect, miners who are not members of the United Mine Workers will not participate in the increase granted by the operators.

Mr. Dolan said this was decided in committee, but was not announced when the agreement was given out.

The president was asked if trouble was not likely to occur among the unorganized men, and he said the organized men would be able to prevent a strike.

In the Pittsburgh district there are over 40,000 miners, and of this number 15,000 are claimed by the United Mine Workers Union.

REAL ESTATE TRANSFERS.

Nos. 227 and 228 New Jersey Avenue southeast—Earle E. Carley, trustee, to John H. Barrett; record lot 17, square 689; \$5.

Nos. 900 to 906 Twenty-fifth Street northwest—James F. Brennan to John W. Shaw; lots 31, 32, square 16; \$10.

Nos. 908 and 910 Twenty-fifth Street northwest—Same to Isabel S. Miller; lots 29 and 30, square 16; \$10.

Corcoran Street northwest, between Fourteenth and Fifteenth Streets—Thomas H. G. Todd et ux. to Hattie E. Hyman; lot 68, square 208; \$10.

First Street southeast, between D and E Streets—Daniel O'Callaghan et al. trustees, to Emma J. Blinn; part lots 8 and 9, square 734; \$2,500.

T Streets northwest, between Thirtieth and Fourteenth Streets—Wilson C. Thompson et ux. to William L. Read; lot 16, square 237; \$10.

Q Streets northwest, between North Capitol and First Streets—Same to Mary E. Throckmorton; lot 61; square 615; \$10.

Fourth Street southeast, between L and M Streets—James F. Barbour, trustee, to Frederick W. Keyworth, lot 8, square south of 825; \$10.

Fourth Street southeast, between L and M Streets—Frederick W. Keyworth to Mary C. Boston, lot 8, square south of 825; \$10.

Cuckold's Delight and Inclosure—B. Frank Gebest to Cecilia Hayes, lot 2, block 1; \$500.

Mintwood—Henry C. Vance to Arthur H. Giles, lot 144; \$10.

Cleveland Park—Thomas E. Waggoner et ux. to John Sherman, park; \$10.

Prospect Street northwest, between Thirty-fourth and Thirty-fifth Streets—Eliza M. Simms to Helen L. Simms, part lot 40, square 1221; \$10.

Twinning City—Brainerd H. Warner et ux. to William G. Pastnought, lot 6, block 9; \$10.

Evolutions of a Strong Financial Oligarchy—Remarkable Advance in a Single Decade.

In the past few years, there has been in progress something in the nature of a consolidation of banking interests. This process has resulted in certain banks and large institutions extending control over other banks and thereby forming groups of institutions under one control. It has also found expression in the enlargement of certain individual banks as to capital and surplus.

Another form in which its activity has shown itself is the creation of new trust companies and the enlarged interest of trust companies in purely banking business. The effect of these various developments has been uniform, and it has been largely to concentrate in few hands the direction and administration of institutions together governing the disposition of an extraordinary mass of credit.

Results of a Decade.

Ten years ago there were two banks in New York that had a capital of \$5,000,000; one had a capital of \$3,200,000, and one of \$3,000,000. The total capitalization of the sixty-four members of the clearing house was \$60,422,700. Today, there is one bank having a capital of \$25,000,000, and three that have a capital of \$10,000,000 each. The fifty-eight members of the clearing house have a total capitalization of \$109,851,900. Thus, while there has been a reduction of six in number of banks, there has been an increase of \$49,229,200 in their capital.

But the concentration of banking is shown in a more striking way by the item of outstanding loans. Ten years ago of the total of loans reported by the clearing house, \$454,910,200, eight leading banks made \$188,564,700, or about 42 per cent of the whole. Last Saturday the clearing house reported outstanding loans of \$254,958,600, of which \$129,768,500 were made by the eight leading banks, or over 51 per cent of the whole.

Seven Groups of Banks.

In the New York money market there are now seven great groups or chains of banks, trust companies and insurance companies. These groups in some cases represent common ownership and in others such an alliance of interests that the various institutions are controlled practically under a common policy. The tendency is for the large banks to control by ownership several smaller banks, and to be in close alliance with one or more trust companies. The seven groups, of which reference has been made, may be classed as follows:

Group One.	
National City Bank	\$12,218,000
Second National Bank	9,427,000
Lincoln National Bank	9,896,600
Bank of the Metropolis	7,892,800
National Citizens' Bank	6,014,700
National Butcher and Dress Makers' Bank	2,807,800
Fidelity Bank	662,650
United States Trust Company	50,744,873
Farmers' Loan and Trust Company	32,744,873
New York Life and Trust Company	15,090,862
Central Realty Bond and Trust Company	12,697,550
Total	\$276,592,708
Group Two.	
Hanover National Bank	\$48,529,200
New York National Exchange Bank	5,725,900
Greenwich Bank	1,923,200
Trust Company of America	12,283,850
Total	68,472,150
Group Three.	
Equitable Life Assurance Society	\$17,621,000
Western National Bank	50,189,500
Mercantile Trust Company	42,235,705
Equitable Trust Company	12,896,712
Total	1,239,917
Group Four.	
Mutual Life Insurance Company	\$10,278,000
National Bank of Commerce	76,829,000
Morton Trust Company	37,386,875
Guaranty Trust Company	18,321,275
Fifth Avenue Trust Company	9,723,580
United States Mortgage and Trust Company	9,066,650
Total	161,605,591
Group Five.	
First National Bank	\$82,932,200
Chase National Bank	39,096,000
Liberty National Bank	9,055,500
Astor National Bank	4,686,000
Manhattan Trust Company	8,058,474
Total	143,828,174
Group Six.	
National Park Bank	\$52,076,000
Mount Morris Bank	2,176,575
Mutual Bank	2,354,275
Plaza Bank	3,024,840
Yorkville Bank	1,208,000
Colonial Trust Company	14,809,488
Total	75,649,778
Group Seven.	
National Bank of North America	\$16,856,703
Mercantile National Bank	12,180,700
Garfield National Bank	7,208,500
Seventh National Bank	6,557,200
National Broadway Bank	6,799,100
Bank of New Amsterdam	6,878,800
Fourteenth Street Bank	1,794,451
Ganseevoort Bank	1,558,265
Hamilton Bank	1,819,164
Nineteenth Ward Bank	1,552,716
Twelfth Ward Bank	1,548,276
Varick Bank	700,313
Knickbocker Trust Company	28,115,473
City Trust Company	11,166,577
Total	\$105,787,438
Summary.	
Group 1	\$276,592,708
Group 2	68,472,150
Group 3	1,239,917
Group 4	161,605,591
Group 5	143,828,174
Group 6	75,649,778
Group 7	105,787,438
Grand total	\$955,785,195

In the case of the clearing house banks the amounts of loans given are those of the last bank statement. In the case of the trust companies the amounts are those reported December 31, 1932. In the case of banks not in the clearing house, the amounts are those reported to the State banking department December 4, 1932. The sums include in some instances securities which are carried on the books in the form of loans.

Close Bond of Interest.

It should be noted that between group 1 and group 2 there is a close bond of business interests, and they are often classed together. There is a tie also between groups 4 and 5. The two insurance companies are, for instance, united in the Western National Bank. Messrs. J. P. Morgan & Co. have affiliations with three of the groups, viz., that of the First National Bank, that of the Bank of Commerce, and in a measure that of the National City Bank. The Standard Oil Company is of course closely affiliated with the National City and the Hanover National groups. The seventh group, the largest in number of institutions though not in the amount of loans, is the so-called "Morse" group. In many respects the evolution outlined in the foregoing figures is more remarkable and perhaps more important than the great evolution in industrial finance of the past few years. It may be that the high organization of credit will tend to prevent panics in the time to come. It may be that it will have quite the contrary result. In any event, it is clear that its effect for good or ill upon the destinies of those who are accustomed to use credit in their business will be very far-reaching.—Wall Street Journal.

NEW LEHIGH VALLEY SUPERINTENDENT

NEW YORK, Feb. 12.—Announcement was made yesterday at the offices of the Lehigh Valley Railroad Company that M. B. Cutler had been appointed general superintendent of the Lehigh Valley Railroad, with offices at South Bethlehem, Pa. Mr. Cutler has heretofore held the title of superintendent of transportation. Upon the change of Mr. Cutler's title to general superintendent the title of superintendent of transportation has been abolished. The appointment was made by General Manager Wilbur.

TEXTILE COMPANY WITH FOURTEEN MILLIONS CAPITAL

TRENTON, N. J., Feb. 12.—The Southern Textile Company, capital \$14,000,000, was incorporated here yesterday to manufacture cotton, wool, hemp, etc. The incorporators are Leslie J. Montgomery, Clarence P. Moser, Thomas Courington, William S. Petty and K. K. McLaren, all of Jersey City. One-half of the stock is to be preferred, with 7 per cent cumulative dividend.

REPORT OF THE CONDITION OF THE NATIONAL SAFE DEPOSIT, SAVINGS AND TRUST COMPANY OF D. C., At Washington, in the District of Columbia, at the close of business February 6, 1933.

RESOURCES.

Loans on real estate and collateral security \$8,012,170.53

Overdrafts, secured and unsecured 180,325.13

Stocks, securities, etc. 218,409.00

Banking house, furniture and fixtures 77,000.00

Due from real estate owners 25,743.13

Due from national banks 219,492.31

Due from trust companies 755,364.08

Checks and other cash items 5,471.25

Notes of other national banks 350.00

Fractional paper currency, nickels, and cents 16.33

Legal-tender notes 15,000.00

Specie 81,100.00

Total 9,593,829.95

LIABILITIES.

Capital stock paid in \$1,000,000.00

Unpaid dividends 180,325.13

Individual deposits 4,812,967.32

Certified checks 437.30

Total 5,993,829.95

REPORT OF THE CONDITION OF THE NATIONAL SAFE DEPOSIT, SAVINGS AND TRUST COMPANY OF D. C., At Washington, in the District of Columbia, at the close of business December 31, 1932.

RESOURCES.

Cash on hand 8981.72

Loans and discounts 720.20

Real estate, furniture, and fixtures 1,415.70

Miscellaneous assets 30,497.20

Total 33,613.82

LIABILITIES.

Capital stock paid in \$30,000.00

Surplus fund 3,613.82

Total 33,613.82

REPORT OF THE CONDITION OF THE NATIONAL SAFE DEPOSIT, SAVINGS AND TRUST COMPANY OF D. C., At Washington, in the District of Columbia, at the close of business December 31, 1932.

RESOURCES.

Cash on hand 8981.72

Loans and discounts 720.20

Real estate, furniture, and fixtures 1,415.70

Miscellaneous assets 30,497.20

Total 33,613.82

LIABILITIES.

Capital stock paid in \$30,000.00

Surplus fund 3,613.82

Total 33,613.82

FINANCIAL STATEMENTS.

REPORT OF THE CONDITION OF THE COLUMBIA NATIONAL BANK OF WASHINGTON.

At Washington, in the District of Columbia, at the close of business February 6, 1933.

RESOURCES.	
Loans and discounts	\$1,215,085.31
Overdrafts, secured and unsecured	206.85
U. S. bonds to secure circulation	250,000.00
U. S. bonds on hand	31,000.00
Premiums on U. S. bonds	4,000.00
Stocks, securities, etc.	37,975.00
Banking house, furniture and fixtures	72,079.21
Other real estate owned	4,500.00
Due from national banks (not reserve agents)	212,169.39
Due from State banks and bankers	7,687.29
Due from approved reserve agents	175,306.51
Internal revenue stamps	212.48
Checks and other cash items	7,189.90
Exchanges for clearing house	38,001.29
Notes of other national banks	1,700.00
Fractional paper currency, nickels, and cents	594.00
Legal-tender notes	49,000.00
Specie	824,500.00
Legal-tender notes	49,000.00
Redemption fund with U. S. Treasurer (5 per cent of circulation)	12,500.00
Due from U. S. Treasury, other than 5 per cent redemption fund	5,500.00
Total	3,402,921.42

LIABILITIES.	
Capital stock paid in	\$250,000.00
Surplus fund	150,000.00
Unpaid dividends	150,000.00
Taxes paid	44,294.75
National bank notes outstanding	230,000.00
Due to other national banks	\$176,348.51
Due to trust companies and savings banks	176,941.80
Dividends unpaid	125.00
Individual deposits subject to check	1,346,964.78
Demands for clearing house	38,001.29
Deposit	893.60
Certified checks	3,042.58
Total	3,402,921.42

City of Washington, District of Columbia, ss: I, CLARENCE CORBOS, Cashier of the above-named bank, do solemnly swear that the above statement is true to the best of my knowledge and belief.

Subscribed and sworn to before me this 11th day of February, 1933.

Correct—Attest: H. B. WILSON, Notary Public.

REPORT OF THE CONDITION OF THE NATIONAL METROPOLITAN BANK, At Washington, D. C., at the close of business February 6, 1933.

RESOURCES.

Loans and discounts \$1,652,571.13

Overdrafts, secured and unsecured 305.21

U. S. bonds to secure circulation 300,000.00

U. S. bonds to secure U. S. deposits 240,000.00

Premiums on U. S. bonds 33,750.00

Stocks, securities, etc. 385,061.00

Banking house, furniture and fixtures 100,000.00

Other real estate owned 38,170.82

Due from national banks (not reserve agents) 414,609.00

Due from State banks and bankers 90,106.95

Due from approved reserve agents 539,456.37

Internal revenue stamps 207.92

Checks and other cash items 15,474.74

Exchanges for clearing house 32,188.54

Fractional paper currency, nickels, and cents 294.02

Legal-tender notes 829,774.19

Legal-tender notes 39,000.00

Redemption fund with U. S. Treasurer (5 per cent of circulation) 12,500.00

Total 4,140,361.57

LIABILITIES.	
Capital stock paid in	\$300,000.00
Unpaid dividends, less expenses and taxes paid	79,837.07
National bank notes outstanding	257,200.00
Due to other national banks	886,106.95
Due to State banks and bankers	39,838.22
Due to trust companies and savings banks	1,000.00
Due to approved reserve agents	22,722.42
Individual deposits subject to check	2,268,776.13
Demands for clearing house	32,188.54
Deposit	1,716.03
Certified checks	2,134.55
United States deposits	240,000.00
Total	5,973,324.50

City of Washington, District of Columbia, ss: I, J. GALES MOORE, Cashier of the above-named bank, do solemnly swear that the above statement is true to the best of my knowledge and belief.

Subscribed and sworn to before me this 11th day of February, 1933.

Correct—Attest: ALFRED B. BRIGGS, Notary Public.

REPORT OF THE CONDITION OF THE TRADERS NATIONAL BANK, At Washington, District of Columbia, at the close of business February 6, 1933.

RESOURCES.

Loans and discounts \$604,421.43

Overdrafts, secured and unsecured 11.32

U. S. bonds to secure circulation 50,000.00

Premiums on U. S. bonds 1,000.00

Stocks, securities, etc. 8,635.00

Banking house, furniture and fixtures 136,802.47

Other real estate owned 37,415.49

Due from national banks (not reserve agents) 98,600.61

Due from State banks and bankers 9,041.29

Due from approved reserve agents 105,781.89

Checks and other cash items 7,278.80

Exchanges for clearing house 11,325.64

Fractional paper currency, nickels, and cents 610.61

Legal-tender notes 25,000.00

Redemption fund with U. S. Treasurer (5 per cent of circulation) 2,500.00

Total 1,179,259.81

LIABILITIES.	
Capital stock paid in	\$200,000.00
Surplus fund	60,000.00
Unpaid dividends, less expenses and taxes paid	25,289.34
National bank notes outstanding	48,400.00
Due to other national banks	\$5,691.05
Due to trust companies	25,543.68
Due to approved reserve agents	397.50
Individual deposits subject to check	757,086.85
Demands for clearing house	12,057.25
Certified checks	3,829.29
Total	1,179,259.81

City of Washington, District of Columbia, ss: I, JOHN C. ATHEY, Cashier of the above-named bank, do solemnly swear that the above statement is true to the best of my knowledge and belief.

Subscribed and sworn to before me this 10th day of February, 1933.

Correct—Attest: HERBERT A. GILL, Notary Public.

REPORT OF THE CONDITION OF THE NORTH-EASTERN SECURITY COMPANY, At Washington, in the District of Columbia, at the close of business December 31, 1932.

RESOURCES.

Cash on hand 8981.72

Loans and discounts 720.20

Real estate, furniture, and fixtures 1,415.70

Miscellaneous assets 30,497.20

Total 33,613.82

LIABILITIES.

Capital stock paid in \$30,000.00

Surplus fund 3,613.82

Total 33,613.82

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RESOURCES.

Cash on hand 8981.72

Loans and discounts 720.20

Real estate, furniture, and fixtures 1,415.70

Miscellaneous assets 30,497.20

Total 33,613.82

LIABILITIES.

Capital stock paid in \$30,000.00

Surplus fund 3,613.82

Total 33,613.82

REPORT OF THE CONDITION OF THE NORTH-EASTERN SECURITY COMPANY, At Washington, in the District of Columbia, at the close of business December 31, 1932.

RESOURCES.

Cash on hand 8981.72

Loans and discounts